GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

STARRED QUESTION NO:361
ANSWERED ON:28.03.2017
Impact of Demonetization on Prices
Dhotre Shri Sanjay Shamrao;Singh Shri Satya Pal

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the Government has conducted any study on the impact of demonetization of currency notes on the prices of essential food items and if so, the details and the outcome thereof and if not, the reasons therefor;
(b) whether the Price Stabilization Fund has been able to moderate prices of farmers" produce since demonetization and if so, the details thereof ;
(c) the commodities procured by the Government directly from the farmers and supplied to the consumers since demonetization;
(d) whether the Government has closely monitored the activities of hoarders/black-marketeers of essential food items during the said period and if so, the details thereof; and
(e) the remedial measures taken/being taken by the Government to stabilize prices of essential food items and protect the interests of farmers as well as common man?

Answer

THE MINISTER OF
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
(SHRI RAM VILAS PASWAN)

(a) to (e) : A Statement is laid on the Table of the House.

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STATEMENT REFERRED IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO.*361 FOR 28.03.2017 REGARDING IMPACT OF DEMONETIZATION ON PRICES.

(a) : No Madam. However, changes in prices of 22 essential food items vis-Ã -vis the prices on the day of demonetization are being monitored on daily basis.

(b) : The Price Stabilisation Fund (PSF) was set up with an initial corpus of ? 500 crores in 2014-15 with the objective to tackle price volatility in agri-horticultural commodities, namely, onion, potatoes and pulses through appropriate market intervention. The PSF scheme was operational during demonetization and the prices of items covered by the scheme remained moderate during this period. Details are at Annexure.

(c) : Around 3.89 lakh tonnes of wheat, 184.45 lakh tonnes of rice and 10.50 lakh tonnes of pulses have been procured from farmers since demonetization. 85.49 lakh tonnes of wheat and 120.46 tonnes of rice was allocated under National Food Security Act, other Welfare Schemes and Adhoc Additional (Flood/drought/festival/etc) during November, 2016 to February, 2017. In addition, during this period, around 12,900 tonnes of pulses were allocated to States/UTs/Agencies for direct retailing to consumers at reasonable rates.

(d) : States/UTs are the enforcement agencies for the 'Essential Commodities Act, 1955' (EC Act, 1955) and the 'Prevention of Black-Marketing and Maintenance of Supplies of Essential Commodities Act 1980'. During the period since demonetization, i.e. November, 2016 to February, 2017, all the States were advised to take up proactive implementation of all the orders/regulations of the Union and the State government issued under the EC Act, 1955. During November, 2016 to February, 2017, States/U.Ts conducted 17506 raids under the EC Act, 1955, arrested 1524 persons, prosecuted 837 persons, convicted 163 persons, detained 46 black marketeers and confiscated goods of value of ?433.47 lakhs.

(e) : Government has taken various measures from time to time to stabilize prices of essential food items as well as to protect the interest of farmers. These, inter-alia, include creation of buffer stock of pulses for effective market intervention; appropriately utilizing trade and fiscal policy instruments like import and export duty, Minimum Export Price, export restrictions etc. to regulate domestic availability and moderate prices; imposition of stock limits; provision of higher Minimum Support Prices to incentivize farmers for increasing production; and intervening in market for facilitating reasonable prices to farmers through procurement in case of some commodities through schemes like the PSF, Price Support Scheme (PSS) and Market Intervention Scheme (MIS).

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